

SUBCOMMITTEE NO. 2

Agenda

Byron Sher, Chair
Sheila Kuehl
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OPEN ISSUES AND FINANCE LETTERS

Thursday, May 8, 2002
Upon Adjournment of Senate Floor Session
Room 112

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Proposed Consent Calendar

The following table contains various finance letters and open issues that are recommended for approval. No issues have been raised with these proposals. Following this table are selected issues for the subcommittee to discuss prior to taking an official action.

Upon completion of this hearing, the subcommittee will have additional “open issues” to consider at the May revision hearing on May 22, 2003. The majority of these items deal with additional revenue enhancements, reductions, and/or departments that receive significant General Fund support.

Item	Department	Issue	Amount (dollars in thousands)
1	Secretary for Resources	Finance Letter: Transfers statewide accounting services for Proposition 50 to the Department of Fish and Game. Staff recommends the subcommittee approve the finance letter.	-388
2	Secretary for Resources	Finance Letter: Extend liquidation period for projects in the Coastal Grant Program. Staff recommends the subcommittee approve the finance letter.	N/A
3	Special Resources Program	Support Budget: Approve as budgeted.	4,395
4	Tahoe Conservancy	Finance Letter: Increase Proposition 12 bond funds for capital outlay projects to support the Environmental Improvement Program (EIP). Staff recommends the subcommittee approve the finance letter.	4,000
5	Tahoe Conservancy	Support Budget and Capital Outlay: Approve the Conservancy’s budget as proposed.	15,609
6	Conservation Corps	Finance Letter: Increases funding for the Sequoia Center Construction Project (\$2.3 million) and the Tahoe Base Center acquisition (\$1.2 million). Staff recommends the subcommittee approve the Finance Letter.	3,463
7	Colorado River Board	Support Budget: Approve the board’s budget as proposed.	1,067
8	Department of Conservation	Finance Letter: Increase funding for the SMARA program. Funds would be allocated from the Surface Mining and Reclamation Account (\$283,000), and the Mineral Resources Account (\$188,000). This proposal would also augment the SMARA program with 5 additional positions. Staff recommends the subcommittee approve the finance letter.	471
9	Department of Conservation	Finance Letter: Increase funding for the Oil and Gas Tracking System. Staff recommends the subcommittee approve the finance letter.	486

10	Department of Conservation	Finance Letter: Increase funding for the California Farmland Conservancy Program (Proposition 40 bond funds). Staff recommends the subcommittee approve the finance letter and the following budget bill language to extend the liquidation period of these funds through 2005-2006.	10,000
11	Department of Forestry and Fire Protection	Finance Letter: Reappropriates funds for capital outlay projects approved in previous budget acts. Staff recommends the subcommittee approve the finance letter.	N/A
12	Department of Forestry and Fire Protection	Finance Letter: Increases funding for various capital outlay projects by \$3.7 million. Staff recommends the subcommittee approve the finance letter.	3,664
13	Department of Fish and Game	Finance Letter: Transfer statewide accounting services for Proposition 50 from the Secretary for Resources to the Department of Fish and Game. Staff recommends the subcommittee approve the finance letter.	388
14	Department of Fish and Game	Finance Letter: Reappropriates funds for capital outlay projects approved in previous budget acts. Staff recommends the subcommittee approve the finance letter.	N/A
15	Wildlife Conservation Board	Finance Letter: Decrease funding for the San Joaquin River Parkway to reflect the proposed expenditure plan for 2003-2004. Staff recommends the subcommittee approve the finance letter.	-8,000
16	Department of Boating and Waterways	Support Budget and Capital Outlay. Staff recommends the subcommittee approve the department's budget as proposed.	78,562
17	Department of Boating and Waterways	Finance Letter: Reappropriates funds for capital outlay projects approved in previous budget acts. Staff recommends the subcommittee approve the finance letter.	N/A
18	Coastal Commission	Support Budget: Staff recommends the subcommittee approve the commission's support budget as proposed.	15,825
19	State Coastal Conservancy	Finance Letter: Reestablish 3 positions that were inadvertently omitted from the Governor's Budget. Staff recommends the subcommittee approve the finance letter.	N/A
20	State Coastal Conservancy	Finance Letter: Increase funding for the Public Access Program (Special Funds). Staff recommends the subcommittee approve the finance letter.	1,700
21	Department of Parks and Recreation	Finance Letter: Increase funding for security, maintenance, and staff at the Stanford Mansion State Park (General Fund). The department	200

		estimates that the Stanford Mansion will partially be restored by December, 2003. Staff recommends the subcommittee approve the finance letter.	
22	Department of Parks and Recreation	Finance Letter: Increase funding for additional security and traffic control at SNO-PARK facilities (Special Fund). Staff recommends the subcommittee approve the finance letter.	50
23	Department of Parks and Recreation	Finance Letter: Increase funding for various capital outlay projects, including \$156,000 (thousand) for Big Basin Redwoods State Park and \$986,000 (thousand) for the Stanford Mansion State Park (Proposition 40 bond funds). Staff recommends the subcommittee approve the finance letter.	1,142
24	Department of Parks and Recreation	Finance Letter: Reappropriates funds for capital outlay projects approved in previous budget acts. Staff recommends the subcommittee approve the finance letter.	N/A
25	Department of Parks and Recreation	Finance Letter: Concession contract for Old Town San Diego. Staff recommends the subcommittee approve the finance letter.	N/A
26	Santa Monica Mountains Conservancy	Finance Letter: Technical change to accurately fund Proposition 50 project administration. Staff recommends the subcommittee approve the finance letter.	N/A
27	Santa Monica Mountains Conservancy	Support Budget and Capital Outlay: Staff recommends the subcommittee approve the conservancy's budget as proposed.	22,253
28	SF Bay Conservation and Development Commission	Support Budget: Staff recommends the subcommittee approve the commission's budget as proposed.	4,240
29	San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy	Support Budget and Capital Outlay: Staff recommends the subcommittee approve the conservancy's budget as proposed.	17,697
30	San Joaquin River Conservancy	Support Budget and Capital Outlay: Staff recommends the subcommittee approve the conservancy's budget as proposed.	1,355
31	Baldwin Hills Conservancy	Support Budget and Capital Outlay: Staff recommends the subcommittee approve the conservancy's budget as proposed.	8,567
32	Delta Protection Commission	Support Budget: Staff recommends the subcommittee approve the commission's budget as proposed.	307
33	San Diego River Conservancy	Support Budget: Staff recommends the subcommittee approve the conservancy's budget as proposed.	265

34	Coachella Valley Mountains Conservancy	Support Budget and Capital Outlay. Staff recommends the subcommittee approve the conservancy's budget as proposed.	9,380
35	Department of Water Resources	Finance Letter: Increases funding for audits and evaluation of Proposition 13 expenditures. Staff recommends the subcommittee approve the finance letter.	651
36	Department of Water Resources	Finance Letter: Increases funding for the Yuba Feather Flood Protection project (Proposition 13). Staff recommends the subcommittee approve the finance letter.	2,000
37	Department of Water Resources	Finance Letter: Reappropriates funds for various flood control projects approved in previous budget acts. Staff recommends the subcommittee approve the finance letter.	N/A
38	Department of Water Resources	Finance Letter: Two finance letters that reappropriate Proposition 13 and 204 bond funds and extend the liquidation periods for previous Prop 13 and 204 appropriations. Staff recommends the subcommittee approve the finance letters.	N/A
39	Department of Water Resources	Finance Letter: Increases reimbursements with the Department of Health Services for services associated with the Drinking Water Quality Program. Staff recommends the subcommittee approve the finance letter.	175
40	Department of Water Resources	Finance Letter: Increases funding for urban streams projects. Staff recommends the subcommittee approve the finance letter.	290
41	Department of Water Resources	Finance Letter: Increases funding to Mojave Water Agency to complete construction of a groundwater recharge project. Staff recommends the subcommittee approve the finance letter.	1,018
42	CALFED Bay-Delta Authority	Finance Letter: Decreases funding from Proposition 50 for the Drinking Water Quality Program to conform with the provisions of SB 1473.	-2,500
43	Gambling Control Commission	Compliance, Licensing, and Administration Increase. Funding and 6 positions (4 auditors and 2 administrative staff) for workload increases. (\$541,000 - Special funds)	
	State Public Defender	Support Budget. No issues have been raised.	
	Control Section 5.25	Control Section 5.25 – Payments for Litigation. Identical language from previous years. No issues have been raised.	
	Homicide Trials	Budget Request. The budget proposes \$5 million for this item. No issues have been raised.	
	Victim and Claim Board	Special Election Reimbursements. The budget proposes savings of \$1 million and trailer bill	

		language. Staff recommends approval of the savings but rejecting the trailer bill language.	
	Equity Claims	Budget Bill Language. The budget proposes no General Fund appropriation and identical budget bill language from the current year.	
	OCJP	Finance Letter: Domestic Violence Shelter Program. This Finance letter withdraws proposal to shift domestic violence shelter program from OCJP to DHS.	
	DOJ	Finance Letter: California Witness Protection Program. This Finance Letter requests an increase of \$3 million from the General Fund to continue this program which offers	3,000
	DOJ	Finance Letter: DNA Testing Fund Authority. This Finance Letter requests additional expenditure authority from the DNA Testing Fund.	315
	DOJ	Finance Letter: Reappropriation. Request to reappropriate the Santa Barbara Replacement Laboratory. Due to bid overruns on another laboratory project, additional time is being taken to analyze project estimates for this lab.	
	CDC	Underbudgeted Sick Leave. The budget proposes \$14.7 million and 327 positions to increase the sick leave relief factor for posted positions.	
	CDC	Inmate Security Plan. The budget proposes \$5.5 million to implement a standardized staffing pattern for administrative segregation for all institutions.	
	CDC	Finance Letter: DNA Collection. The request proposes \$1.7 million and 21.5 positions to address ongoing workload related to DNA and palm print collection, as required by the Forensic Database and Databank Act.	1,735
	CDC	Finance Letter: Private Branch Exchange Systems. The request proposes \$1.7 million to provide upgrades to telecommunications hardware and software at 8 institutions.	1,729
	CDC	Finance Letter: Business Information System. The request proposes funding and 7 positions to continue the existing Business Information System project, which will provide an automated, integrated system necessary to allow for more efficient tracking of expenditures to help manage program budgets.	1,351
	CDC	Finance Letter: Technical Adjustment to Inmate Medical Services. The request proposes a decrease of funding and 1.1 positions due to closure of the NCWF facility.	-125

	CDC	<p>Finance Letter: Potable Water Source Project. Request to add the following budget bill language:</p> <p>Notwithstanding any other provision of law, not more than \$600,000 of the funds in schedule (1) may be used to complete construction of the New Potable Water Source project at the California Correctional Institution (Item 5240-301-0001 (2.3) in the Budget Act of 1998).</p> <p>This provision saves the Department from requesting an augmentation for a major project with General Fund dollars.</p>	
	CDC	<p>Finance Letter: Various Reappropriations. This Finance Letter requests reappropriations for 12 CDC projects due to delays for the projects. The reappropriations are for the following projects:</p> <ol style="list-style-type: none"> 1. CRC: Potable Water System Improvements – Construction. 2. CRC: Patten State Hospital Double Perimeter Fence – Working Drawings. 3. SVSP: Water Treatment Plant – Construction. 4. SCC: Effluent Disposal Pipeline – Working Drawing and Construction. 5. CCC: Replace Antelope Camp Dorms, Phase I – Construction. 6. CMF: Unit V Modular Housing Replacement – Construction. 7. CMF: Ambulatory Care Clinic – Construction. 8. CMC: D-Quad Mental Health Services Building – Construction. 9. DVI: New Well – Working Drawings. 10. RJD: Substance Abuse Program Modular Unit Replacement – Working Drawings. 11. CVSP: Heating, Ventilation, Air conditioning System – Preliminary Plans. 12. SQ: CTC Phase II – Preliminary Plans. 	
	CDC	<p>Finance Letter: Statewide Habitat Conservation Plan. This letter requests reappropriation to implement the CDC's Habitat Conservation Plan for the following projects. These funds were originally appropriated in the 1998 Budget Act and reappropriated in 1999, 2000, 2001, and 2002 Budget Acts:</p> <ol style="list-style-type: none"> 1. Humboldt Bay National Wildlife Refuge – Acquisition and Construction. 2. Allensworth Ecological Reserve – Acquisition and Construction. 3. Mayacama Mountains Sanctuary – Construction. 	

		<p>4. Kern River Preserve – Acquisition and Construction.</p> <p>5. California City Desert Tortoise Natural Area – Acquisition.</p> <p>6. Cowbird Trapping Program.</p> <p>7. Program Management.</p> <p>8. Starr Ranch Sanctuary – Acquisition and Construction.</p> <p>9. Paul Wattis Sanctuary – Acquisition and Construction.</p> <p>10. Burrowing Owl Habitat Enhancement – Acquisition and Construction.</p> <p>11. Stanislaus River parks – Acquisition and Construction.</p>	
	CYA	Facility Condition Survey. Due to CYA's aging infrastructure, the LAO recommends adoption of supplemental report language directing the department to prepare and submit a facility condition survey by November 1, 2003.	
	CYA	Mental Health Treatment Facilities. The LAO recommends adoption of supplemental report language directing the CYA to provide a mental health treatment program plan which identifies cost estimates for any facility impacts by November 1, 2003.	
	CYA	Finance Letter: Reappropriation: Fred C. Nelles Youth Correctional Facility, Replace Taft Adjustment Center—Construction. The Department's consolidation plan denotes this institution is subject to possible closure. As a result of the consolidation plan, this project is being delayed until the long-term status of the institution is known.	
	CYA	Finance Letter: Reappropriation: Fred C. Nelles Youth Correctional Facility, Construct New Kitchen—Construction. The Department's consolidation plan denotes this institution is subject to possible closure. As a result of the consolidation plan, this project is being delayed until the long-term status of the institution is known.	
	CYA	Finance Letter: Reappropriation: Southern Youth Correctional Reception Center and Clinic, Specialized Counseling Program Beds—Working Drawings and Construction. The project was delayed pending the adoption of	

		departmental design standards. This delay has resulted in the need to reappropriate the working drawings and construction funds.	
	CYA	Finance Letter: Reappropriation: Ventura Youth Correctional Facility, Special Education Assessment Center—Construction. The Department's consolidation plan denotes this institution is subject to possible closure. As a result of the consolidation plan, this project is being delayed until the long-term status of the institution is known.	
	CYA	Finance Letter: Add provisional language to Item 5460-490 as follows: Notwithstanding any other provision of law, the reappropriation in Schedule (1.5) for the Taft Adjustment Center project at Fred C. Nelles will be available for encumbrance until June 30, 2008, to be consistent with the appropriation for this project which was contained in Chapter 3, Statutes of 2002, Third Extraordinary Session. Clinic.	
	CYA	Finance Letter: Add provisional language to Item 5460-490 as follows: Notwithstanding any other provision of law, the Department of the Youth Authority may utilize in-house staff and ward labor to complete the working drawings and construct the project for which funds are appropriated in Schedule (3) for the Specialized Counseling Program Beds project at Southern Youth Correctional Reception Center and	
	CPOST	Support Budget. No issues have been raised.	
	Office of Emergency Services	Proposed Budget. No issues have been raised. (General Fund, Special Funds, and Federal Funds).	651,936
	California Horse Racing Board	Proposed Budget. No issues have been raised. (Special Funds).	8,484
	Native American Heritage Commission	Finance Letter. Due to legal issues with the Governor's proposed budget of funding the NAHC through the Tribal Gaming Compact Special Distribution Fund, this letter would revert funding to the General Fund. This is the entire support budget for the NAHC. (General Fund).	341
	Secretary for Cal EPA	Support Budget. No issues have been raised. (General Fund and Special Funds).	9,276
	Department of	Finance Letter. Transfer Navy Military Base	-1,840

	Toxic Substances Control	Oversight to Cost-Recovery Program. Due to a request by the Navy for consistent billing practices from regulatory agencies, The department requests an increase of \$3.525 million to the department's cost-recovery activities at naval bases and a reduction of \$5.365 million to its federal funding request. (Special Funds and Federal Funds).	
	Department of Toxic Substances Control	Finance Letter. CLEAN Program. Due to the repayment of a CLEAN loan in January the department is requesting in the Finance Letter a transfer of \$424,000 from the Cleanup Loan and Environmental Assistance from Neighborhoods (CLEAN) Account to the Toxic Substances Account to provide for oversight activities at CLEAN loan sites. (Special Funds).	424
	Department of Toxic Substances Control	Finance Letter. Board of Equalization Interagency Agreement. The department is requesting an increase of \$380,000 in payments to the Board of Equalization for contract costs on collection activities. (Special Funds).	380
	Department of Toxic Substances Control	Finance Letter. Stringfellow Pretreatment Plant Site Procurement – Acquisition. The property under consideration required a full environmental site assessment. This phase of the procurement was delayed, therefore likely delaying the time of procurement to after June 30, 2003.	900
	California Department of Food & Agriculture	Finance Letter. Animal Emergency Response and Surveillance. The department is requesting an increase in federal funding authority to enhance surveillance and preparedness to detect, diagnose, and respond to agricultural threats, including bio-terrorism.	510
	California Department of Food & Agriculture	Finance Letter. San Francisco County Trapping. The County of Sac Francisco has declined to participate in the statewide exotic pest detection trapping and eradication programs. The department requests shifting funding from local assistance to state operations to reflect this change in responsibility.	0
	California Department of Food & Agriculture	Finance Letter. Dorris Agricultural Inspection Station – Working Drawings. Complications with the City of Dorris are likely to cancel the highway relocation project. The department requests deleting the funding for the construction phase of this project.	-6,585
	California Department of Food & Agriculture	Finance Letter. Yermo Agricultural Inspection Station – Working Drawings and Construction. The department is requesting reappropriation of	0

	Agriculture	funding for the Working Drawings and the Construction phases due to project delays with the Bureau of Land Management in processing environmental documents.	
	Public Utilities Commission	Finance Letter. Reestablish Administrative Law Judge Division Support Positions. The commission requests reestablishment of 4 PYs to provide support services to the commission's decision making process.	197

Final Action: The subcommittee approved the consent calendar minus the following items:
Item: 1, 13, 39

Motion: Sher

Vote: 3-0

On a separate vote, the subcommittee also approved items 8, 21, and 43

Motion: Sher

Vote: 2-1 (Sher, Kuehl "aye)

3640 Wildlife Conservation Board

The board acquires property to protect and preserve wildlife and provides fishing, hunting, and recreational access facilities. The board is composed of the Directors of the Departments of Fish and Game and Finance, and the Chairman of the Fish and Game Commission. In addition, three members of the Senate and three members of the Assembly serve in an advisory capacity to the board.

Issue-Spring Finance Letter

Background: The Administration proposes \$32.5 million from Proposition 50 for the Colorado River Regulatory Program. The Administration also proposes budget-bill language to approve these funds upon execution of the settlement agreement pursuant to SB 482 (Kuehl).

Proposition 50 allocates \$50 million to WCB for the acquisition, protection, and restoration of land and water resources that help satisfy the state's limit on Colorado River water. Senate Bill 482 established conditions for the expenditure of the \$50 million, including the execution of a settlement agreement among various water agencies relating to Colorado River water entitlements by December 31, 2002.

LAO Recommendation: The LAO argues that the finance letter makes the funding for the Colorado River available after the QSA is signed, however the finance letter does not tie the funding to the terms of the settlement. The LAO believes the WCB could spend these funds upon the signing of the QSA rather than wait for the terms of the settlement to be determined.

Staff Recommendation: Staff recommends the subcommittee deny the proposed finance letter and alternatively consider allocating these funds in stand alone legislation.

Action: The subcommittee approved the finance letter and modified the proposed trailer bill language to require the signing of SB 317 (Kuehl) and SB 277 (Ducheny) before allocating these funds.

Motion: Kuehl

Vote: 3-0

3790 Department of Parks and Recreation

The Department of Parks and Recreation (DPR) acquires, develops, preserves, interprets, and manages the natural, cultural, and recreational resources in the state park system and in the State Vehicular Recreation Area and Trail System (SVRATS). In addition, the department administers state and federal grants to cities, counties, and special districts that help provide parks and open-space areas throughout the state. The state park system consists of 273 units, 31 of which are administered by local and regional park agencies. The system contains approximately 1.4 million acres of land, with 285 miles of coastline and 822 miles of lake, reservoir, and river frontage.

Issue-Cultural and Historical Grant Funds

Background: The budget proposes \$98 million from Proposition 40 for a new historical and cultural grants program.

Issue. The LAO argues that the budget proposal for the cultural and historical grant program lacks key information necessary to evaluate this initiative. The Analyst states that the proposal does not set out criteria or priorities for awarding grants, making it difficult for the Legislature to assess what the program might achieve in terms of protection and restoration of cultural and historical resources. The Legislature passed AB 716 (Firebaugh) to establish a cultural and historical grant program. Since Proposition 40 did not specify nor establish a process for administering these funds, AB 716 was intended to create a structure and process for awarding historical and cultural grants and loans. AB 716 also establishes the Cultural and Historical Endowment to administer these funds and include participation from stakeholders and the public to identify priorities.

AB 716 authorized \$128 million to the endowment to begin the cultural and historical grant program. However, the Governor vetoed the appropriation for the following reasons:

1. Given the state's fiscal condition, now is not the time to establish a new, permanent bureaucratic entity with broad new duties.
2. The duties of the Endowment as proposed in this measure extend well beyond competitive grant-making responsibilities and would create significant general fund cost pressure.
3. The proposed endowment appears to be "significantly redundant and unnecessary given the duties and expertise of the Department of Parks and Recreation, the Office of Historic Preservation (OHP) and the State Historic Resources Commission." The veto message further states: "In particular, by directing the Endowment to conduct competitive grant-making for historical preservation purposes, the bill undermines the successful efforts of the OHP and the Commission in disbursing Proposition 12 historical preservation monies. Failure to take advantage of such expertise will lead to unnecessary costs and delays in implementation. of competitive grants."

Staff Recommendation: Staff recommends the subcommittee delete all funds for Cultural and Historical Grant program proposed by the Administration and dedicate these funds to the Cultural and Historical Endowment created under AB 716 (Firebaugh). The intent of this action is to allocate the remaining Cultural and Historical from Proposition 40 to the endowment. All budget proposals from the administration that utilize these funds should reflect this action.

Action: The subcommittee approved the staff recommendation to delete all Cultural and Historical grant proposals from the Administration and allocated these funds to the Cultural and Historical Endowment.

Motion: Kuehl

Vote: 3-0

3860 Department of Water Resources

The Department of Water Resources (DWR) is responsible for developing and managing California's water through the implementation of the State Water Resources Development System, including the State Water Project. The Department also maintains the public safety and prevents damage through flood control operations, supervision of dams, and safe drinking water projects.

Note: Please addendum for issues to be discussed in committee.